



January 25, 2002

SENATE BILL No. 17

DIGEST OF SB 17 (Updated January 24, 2002 2:20 PM - DI 44)

Citations Affected: IC 6-1.1.

Synopsis: Rainy day fund loans. Authorizes loans from the rainy day fund for the taxing units located in Porter County that will experience a budget shortfall as the result of the bankruptcy of a steel manufacturer located in the county. Provides that the loans are interest free and must be repaid over a period not to exceed 10 years.

Effective: Upon passage.

**Landske, Antich, Mrvan, Rogers,
Smith S, Alexa**

November 20, 2001, read first time and referred to Committee on Rules and Legislative Procedure. Reassigned to Committee on Finance
January 24, 2002, amended, reported favorably — Do Pass.

C
o
p
y

SB 17—LS 6361/DI 92+



January 25, 2002

Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 17

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-21.8 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]:

4 **Chapter 21.8. Rainy Day Fund Loans to Qualified Taxing Units**

5 **Sec. 1. As used in this chapter, "board" refers to the state board**
6 **of finance.**

7 **Sec. 2. As used in this chapter, "qualified taxing unit" means a**
8 **taxing unit located in a county having a population of more than**
9 **one hundred forty-five thousand (145,000) but less than one**
10 **hundred forty-eight thousand (148,000).**

11 **Sec. 3. A qualified taxing unit may apply to the board for one (1)**
12 **or more loans from the counter-cyclical revenue and economic**
13 **stabilization fund. The board may make a loan from the fund to the**
14 **qualified taxing unit if:**

15 **(1) a taxpayer with tangible property subject to taxation by**
16 **the qualified taxing unit has filed a petition to reorganize**
17 **under the federal bankruptcy code;**

SB 17—LS 6361/DI 92+



C
o
p
y

(2) the taxpayer has defaulted on one (1) or more of its property tax payments;

(3) the qualified taxing unit has experienced and will continue to experience a significant revenue shortfall as a result of the default; and

(4) the taxpayer is a steel manufacturer.

Sec. 4. (a) The board shall determine the terms of a loan made under this chapter. However, interest may not be charged on a loan, and a loan must be repaid not later than ten (10) years after the date on which the loan was made. The total amount of all the loans made under this chapter may not exceed twenty-eight million dollars (\$28,000,000). The board may disburse the proceeds of a loan in installments.

(b) A loan made under this chapter shall be repaid only from:

(1) property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19; or

(2) any other source of revenues (other than property taxes) that is legally available to the qualified taxing unit.

The payment of any installment of principal constitutes a first charge against the property tax revenues described in subdivision (1) that are collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay a loan made under this chapter is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section does not prohibit a qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

Sec. 5. (a) The maximum amount that the board may loan to a qualified taxing unit is determined under STEP FOUR of the following formula:

STEP ONE: Determine the amount of the taxpayer's property taxes due and payable in November 2001 that are attributable to the qualified taxing unit as determined by the department of local government finance.

STEP TWO: Multiply the STEP ONE amount by 1.031.

STEP THREE: Multiply the STEP TWO product by 2.



1 **STEP FOUR: Add the STEP ONE amount to the STEP**
 2 **THREE product.**

3 **Sec. 6. (a) As used in this section, "delinquent tax" means any**
 4 **tax:**

5 **(1) owed by a taxpayer in a bankruptcy proceeding initially**
 6 **filed in 2001; and**

7 **(2) not paid during the calendar year in which it was first due**
 8 **and payable.**

9 **(b) Except as provided in subsection (d), the proceeds of a loan**
 10 **received by the qualified taxing unit under this chapter are not**
 11 **considered to be part of the ad valorem property tax levy actually**
 12 **collected by the qualified taxing unit for taxes first due and payable**
 13 **during a particular calendar year for the purpose of calculating the**
 14 **levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7. The receipt**
 15 **by a qualified taxing unit of any payment of delinquent tax owed**
 16 **by a taxpayer in bankruptcy is considered to be part of the ad**
 17 **valorem property tax levy actually collected by the qualified taxing**
 18 **unit for taxes first due and payable during a particular calendar**
 19 **year for the purpose of calculating the levy excess under**
 20 **IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7.**

21 **(c) The proceeds of a loan made under this chapter must first be**
 22 **used to retire any outstanding loans made by the department of**
 23 **commerce to cover a qualified taxing unit's revenue shortfall**
 24 **resulting from the taxpayer's default on property tax payments.**
 25 **Any remaining proceeds of a loan made under this chapter and any**
 26 **payment of delinquent taxes by the taxpayer may be expended by**
 27 **the qualified taxing unit only to pay obligations of the qualified**
 28 **taxing unit that have been incurred under appropriations for**
 29 **operating expenses made by the qualified taxing unit and approved**
 30 **by the department of local government finance.**

31 **(d) If the sum of the receipts of a qualified taxing unit that are**
 32 **attributable to:**

33 **(1) the loan proceeds; and**

34 **(2) the payment of property taxes owed by a taxpayer in a**
 35 **bankruptcy proceeding and payable in November 2001, May**
 36 **2002, or November 2002;**

37 **exceeds the sum of the taxpayer's property tax liability attributable**
 38 **to the qualified taxing unit for property taxes payable in November**
 39 **2001, May 2002, and November 2002, the excess as received during**
 40 **any calendar year or years shall be set aside and treated for the**
 41 **calendar year when received as a levy excess subject to**
 42 **IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. In calculating the payment of**

C
O
P
Y



1 **property taxes as referred to in subdivision (2), the amount of**
2 **property tax credit finally allowed under IC 6-1.1-21-5 in respect**
3 **to those taxes is considered to be a payment of those property**
4 **taxes.**

5 **SECTION 2. An emergency is declared for this act.**

C
o
p
y



SENATE MOTION

Mr. President: I move that Senate Bill 17, currently assigned to the Committee on Rules and Legislative Procedure, be reassigned to the Committee on Finance.

GARTON

C
o
p
y



COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 17, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 11 through 17, begin a new paragraph and insert:

"Sec. 3. A qualified taxing unit may apply to the board for one (1) or more loans from the counter-cyclical revenue and economic stabilization fund. The board may make a loan from the fund to the qualified taxing unit if:

- (1) a taxpayer with tangible property subject to taxation by the qualified taxing unit has filed a petition to reorganize under the federal bankruptcy code;**
- (2) the taxpayer has defaulted on one (1) or more of its property tax payments;**
- (3) the qualified taxing unit has experienced and will continue to experience a significant revenue shortfall as a result of the default; and**
- (4) the taxpayer is a steel manufacturer.**

Sec. 4. (a) The board shall determine the terms of a loan made under this chapter. However, interest may not be charged on a loan, and a loan must be repaid not later than ten (10) years after the date on which the loan was made. The total amount of all the loans made under this chapter may not exceed twenty-eight million dollars (\$28,000,000). The board may disburse the proceeds of a loan in installments.

- (b) A loan made under this chapter shall be repaid only from:**
 - (1) property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19; or**
 - (2) any other source of revenues (other than property taxes) that is legally available to the qualified taxing unit.**

The payment of any installment of principal constitutes a first charge against the property tax revenues described in subdivision (1) that are collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay a loan made under this chapter is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the

C
o
p
y



counter-cyclical revenue and economic stabilization fund.

(e) This section does not prohibit a qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

Sec. 5. (a) The maximum amount that the board may loan to a qualified taxing unit is determined under STEP FOUR of the following formula:

STEP ONE: Determine the amount of the taxpayer's property taxes due and payable in November 2001 that are attributable to the qualified taxing unit as determined by the department of local government finance.

STEP TWO: Multiply the STEP ONE amount by 1.031.

STEP THREE: Multiply the STEP TWO product by 2.

STEP FOUR: Add the STEP ONE amount to the STEP THREE product.

Sec. 6. (a) As used in this section, "delinquent tax" means any tax:

- (1) owed by a taxpayer in a bankruptcy proceeding initially filed in 2001; and
- (2) not paid during the calendar year in which it was first due and payable.

(b) Except as provided in subsection (d), the proceeds of a loan received by the qualified taxing unit under this chapter are not considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7. The receipt by a qualified taxing unit of any payment of delinquent tax owed by a taxpayer in bankruptcy is considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7.

(c) The proceeds of a loan made under this chapter must first be used to retire any outstanding loans made by the department of commerce to cover a qualified taxing unit's revenue shortfall resulting from the taxpayer's default on property tax payments. Any remaining proceeds of a loan made under this chapter and any payment of delinquent taxes by the taxpayer may be expended by the qualified taxing unit only to pay obligations of the qualified taxing unit that have been incurred under appropriations for



Copy

operating expenses made by the qualified taxing unit and approved by the department of local government finance.

(d) If the sum of the receipts of a qualified taxing unit that are attributable to:

(1) the loan proceeds; and

(2) the payment of property taxes owed by a taxpayer in a bankruptcy proceeding and payable in November 2001, May 2002, or November 2002;

exceeds the sum of the taxpayer's property tax liability attributable to the qualified taxing unit for property taxes payable in November 2001, May 2002, and November 2002, the excess as received during any calendar year or years shall be set aside and treated for the calendar year when received as a levy excess subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. In calculating the payment of property taxes as referred to in subdivision (2), the amount of property tax credit finally allowed under IC 6-1.1-21-5 in respect to those taxes is considered to be a payment of those property taxes."

Delete pages 2 through 3.

Page 4, delete lines 1 through 2.

and when so amended that said bill do pass.

(Reference is to SB 17 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 11, Nays 0.

C
o
p
y

